

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PERU**

**INSTITUTIONAL STRENGTHENING PROGRAM FOR THE  
PERUVIAN CONGRESS**

**(PE-0220)**

**LOAN PROPOSAL**

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## BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

**English:**

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

**Spanish:**

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

## ABBREVIATIONS

AOPs	Annual Operating Plans
CAJ	Andean Commission of Jurists
CESI	Committee on Environment and Social Impact
CIP	Parliamentary Research Center
GDP	Gross Domestic Product
IMF	International Monetary Fund
MEF	Ministry of Economy and Finance
NGO	nongovernmental organization
OC	Ordinary Capital
ODPCs	Decentralized Offices for Citizen Participation
OR	Operating Regulations
PAU	Program Administration Unit
PTI	Poverty-targeted investment
SIAF	Sistema Integrado de Administración Financiera [Integrated Financial Administration System]
SIGA	Sistema Integrado de Gestión Administrativa [Integrated Administrative Management System]
SIGEL	Sistema Integrado de Gestión Legislativa [Integrated Legislative Management System]
USAID	United States Agency for International Development



## PERU

### IDB LOANS

APPROVED AS OF FEBRUARY 28, 2003

	US\$Thousand	Percent
<b>TOTAL APPROVED</b>	<b>6,076,608</b>	
DISBURSED	5,253,695	86.5%
UNDISBURSED BALANCE	822,912	13.5%
CANCELLATIONS	998,915	16.4%
PRINCIPAL COLLECTED	2,181,760	35.9%
<b>APPROVED BY FUND</b>		
ORDINARY CAPITAL	5,437,441	89.5%
FUND FOR SPECIAL OPERATIONS	418,130	6.9%
OTHER FUNDS	221,036	3.6%
<b>OUTSTANDING DEBT BALANCE</b>	<b>3,071,936</b>	
ORDINARY CAPITAL	2,977,782	96.9%
FUND FOR SPECIAL OPERATIONS	94,116	3.1%
OTHER FUNDS	38	0.0%
<b>APPROVED BY SECTOR</b>		
AGRICULTURE AND FISHERY	533,379	8.8%
INDUSTRY, TOURISM, SCIENCE TECHNOLOGY	648,752	10.7%
ENERGY	281,295	4.6%
TRANSPORTATION AND COMMUNICATIONS	1,043,159	17.2%
EDUCATION	196,567	3.2%
HEALTH AND SANITATION	316,372	5.2%
ENVIRONMENT	5,000	0.1%
URBAN DEVELOPMENT	72,372	1.2%
SOCIAL INVESTMENT AND MICROENTERPRISE	645,529	10.6%
REFORM PUBLIC SECTOR MODERNIZATION	2,047,990	33.7%
EXPORT FINANCING	176,756	2.9%
PREINVESTMENT AND OTHER	109,438	1.8%

\* Net of cancellations with monetary adjustments and export financing loan collections.



**INTER-AMERICAN DEVELOPMENT BANK**  
Regional Operations Support Office  
*Operational Information Unit*

# PERU

## STATUS OF LOANS IN EXECUTION AS OF FEBRUARY 28, 2003

(Amounts in US\$ thousands)

APPROVAL PERIOD	NUMBER OF PROJECTS	AMOUNT APPROVED *	AMOUNT DISBURSED	% DISBURSED
<b><u>REGULAR PROGRAM</u></b>				
Before 1997	1	100,000	82,266	82.27%
1997 - 1998	3	198,300	181,108	91.33%
1999 - 2000	4	132,408	14,589	11.02%
2001 - 2002	7	561,300	210,410	37.49%
2003	3	528,800	215,043	40.67%
<b>TOTAL</b>	<b>18</b>	<b>\$1,520,808</b>	<b>\$703,416</b>	<b>46.25%</b>



IDB

**Inter-American Development Bank**  
Regional Operations Support Office  
Operational Information Unit

## Peru

### Tentative Lending Program

**2003**

Project Number	Project Name	IDB US\$ Millions	Status
<a href="#">PE0220</a>	Institutional Support of the Congress	7.0	
* <a href="#">PE0216</a>	Grana y Montero ("G&M") Partial Credit Risk Guarantee	15.0	
<a href="#">PE0218</a>	Support to the Housing Sector Program	60.0	
<a href="#">PE0223</a>	Strengthening and Modernization Tax System Administration	8.0	
<a href="#">PE0239</a>	Competitiveness Sector Program	300.0	
<a href="#">PE0187</a>	Urban Transport in Lima	40.0	
* <a href="#">PE0235</a>	Road Network	19.0	
* <a href="#">PE0222</a>	Camisea Project	75.0	
<b>Total - A : 8 Projects</b>		<b>524.0</b>	
* <a href="#">PE0238</a>	TIM Peru	60.0	
<b>Total - B : 1 Projects</b>		<b>60.0</b>	
<b>TOTAL 2003 : 9 Projects</b>		<b>584.0</b>	

**2004**

Project Number	Project Name	IDB US\$ Millions	Status
<a href="#">PE0203</a>	Science and Technology Program	25.0	
<a href="#">PE0241</a>	Youth Training Program	18.0	
<a href="#">PE0234</a>	Program of Support Services to the Rural Markets	15.0	
<a href="#">PE0240</a>	Democratic Consolidation of Citizen Security	10.0	
<a href="#">PE0247</a>	Social Sector Reform Program	N/A	
<a href="#">PE0142</a>	Sanitation Sector Devel. Support Prog.ii	50.0	
<a href="#">PE0236</a>	Support to Departmental Highway Decentralization	50.0	
<b>Total - A : 7 Projects</b>		<b>168.0</b>	
<a href="#">PE0200</a>	Public Investment System	10.0	
<a href="#">PE0246</a>	Preschool Education Support Program	50.0	
<a href="#">PE0242</a>	Public Transportation in Midium-Size Cities	40.0	
<a href="#">PE0209</a>	Global Credit Prog. III	30.0	
<a href="#">PE0243</a>	Disaster Prevention & Risk Management Program - Perú	5.0	
<a href="#">PE0250</a>	Rural Financial Market Development	20.0	
<a href="#">PE0213</a>	Urban Renewal of Downtown Lima	39.0	
<a href="#">PE0207</a>	National Statistics System Strengthenin	5.0	
<a href="#">PE0244</a>	Rural Electrification Program	50.0	
<b>Total - B : 9 Projects</b>		<b>249.0</b>	
<b>TOTAL - 2004 : 16 Projects</b>		<b>417.0</b>	

**Total Private Sector 2003 - 2004 169.0**  
**Total Regular Program 2003 - 2004 832.0**

\* Private Sector Project



# INSTITUTIONAL STRENGTHENING PROGRAM FOR THE PERUVIAN CONGRESS

## (PE-0220)

### EXECUTIVE SUMMARY

<b>Borrower and guarantor:</b>	Republic of Peru	
<b>Executing agency:</b>	Congress of the Republic of Peru	
<b>Amount and source:</b>	IDB (OC):	US\$ 7 million
	Local:	US\$ 3 million
	Total:	US\$10 million
<b>Financial terms and conditions:</b>	Amortization period:	20 years
	Grace period:	5 years
	Disbursement period:	4.5 years
	Interest rate:	variable
	Inspection and supervision:	1.00 percent
	Credit fee:	0.75 percent
	Currency:	Single Currency Facility
<b>Objectives:</b>	The general objective of the program is to support institutional strengthening of the Peruvian Congress, in order to consolidate its representative function, improve its capacity to prepare, analyze and approve legislation, strengthen its control and oversight role, and enhance the efficiency and effectiveness of institutional management.	
<b>Description:</b>	The Peruvian Congress is currently encountering various obstacles that must be overcome if it is to exercise its powers fully, and if its members are to enjoy the parliamentary services they need. The <b>representative function</b> is constrained by the poor relationship that exists between civil society and the Congress and its committees, and the lack of adequate support services available to members of Congress. The <b>legislative function</b> was until recently practically limited to processing initiatives from the Executive Branch, and Congress today lacks the expertise needed to properly analyze the feasibility, costs and likely economic and social impacts of proposed legislation. Congress does not have a proper methodology or sufficient numbers of trained technical staff to carry out these tasks. The <b>political control and oversight function</b> was virtually	

abandoned in the recent past; Congress does not easily have timely access to up-to-date information from the other branches of government; its human and financial resources are inadequate for exerting proper oversight; and legislators have limited knowledge of the nature and scope of parliamentary oversight. In turn, **parliamentary services**, which are an essential support for all of these functions, involve highly bureaucratized administrative acts and procedures, inadequate management systems, computer systems with serious connectivity problems, and the need for more technical staff.

In light of this situation, the proposed program has three components: (i) consolidating the representative function; (ii) strengthening legislative and oversight functions; and (iii) improving institutional management. These components are designed to support the permanent functions of Congress through consensus-based actions, while avoiding activities of a more political or transient nature.

The first component seeks to bolster the institutional image of Congress so that it will be more representative and can inspire confidence among the citizenry, through the design and implementation of measures to strengthen: (i) mechanisms for serving citizens and enlisting their participation; (ii) communication between Congress and society; and (iii) the intermediation role of members of Congress, with a particular focus on the education and information aspects of that role (paragraph 2.3 a, b and c).

The second component seeks to improve the quality and processing of draft legislation, and the oversight and control capacity of members of Congress. To this end, the program will finance consulting services to review, propose and implement new policies, rules and procedures which will provide for: (i) streamlining of functions and redesigning of general work procedures for the processing of draft legislation; (ii) a methodology for formulating, prioritizing, executing and monitoring the legislative agenda; (iii) formulation of proposals for reorganizing the regular committees, by creating permanent technical secretariats to provide legislative support and follow-up and to serve as the institutional memory for the committees; (iv) the design of technical support methodologies and services, and standardizing of working procedures to enhance the functioning of the investigative committees; and (v) internal rules governing debates (paragraph 2.4).

In order to provide all members of Congress with permanent, stable and high-level technical advisory services, under conditions of equality, with respect both to legislation and to control and research, a **Comprehensive Parliamentary Advisory and Information Services System** will be established. That system will consist of: (i) the existing **parliamentary library**, whose services include

lending books, newspapers and periodicals; consolidation and maintenance of databases of information, statistics and indicators; as well as bibliographic references and basic information; and (ii) a **Parliamentary Research Center (CIP)**, created by the Congress and to be bolstered through this program, which will process and analyze information for use by legislators during parliamentary procedures, and will also conduct long-term research in five topical areas, as follows: (i) economic studies; (ii) social studies; (iii) juridical studies; (iv) information and database; and (v) environment and ecology. During the course of program execution, the following areas are expected to be added: (i) public finances; and (ii) international studies.

The third component will strengthen administrative management and support legislative procedures so that parliamentarians can be guaranteed excellent service in terms of timeliness, quality and costs. The project will finance consulting services and the procurement of goods and services related to: (i) institutional strengthening of the Chief Administrative Office [Oficialía Mayor]; (ii) improved administrative management procedures and systems; (iii) redesign and automation of legislative processes; and (iv) acquisition and implementation of technological solutions for parliamentary support (paragraph 2.13).

**The Bank's  
country and  
sector strategy:**

The general objective of the Bank's strategy in Peru is the sustained and sustainable reduction of poverty. For the most part, therefore, its short-term activities are aimed at: (i) enhancing the **productivity and competitiveness of the economy**; (ii) making **social policy more efficient**; and (iii) creating a **modern and efficient State** that will serve the people's needs. The proposed strategy takes into account the Bank's comparative advantages and the activities of other institutions, and of the government.

The proposed project is not only consistent with this strategy but is in fact an explicit part of it, having been agreed upon with the government as a priority for the country. To the extent that the Congress can provide legal safeguards and functionality to the State, it will be a catalyst for economic investment, both domestic and foreign, and will be able to guarantee continuity in the recently initiated democratic process. In this respect, the operation is also consistent with the Bank's frame of reference for projects to modernize the State and strengthen civil society (document GN-1883-5).

**Coordination with other official development institutions:**

Since promulgation of the 1993 Constitution, the Peruvian Congress has been receiving ad hoc support from the United States Agency for International Development (USAID) and the United Nations Development Programme (UNDP), in the areas of training, parliamentary management, and programs to encourage citizen oversight through nongovernmental organizations (NGOs). Support has also been provided for dissemination, consultations and workshops to promote legislative initiatives. USAID will provide continuing support for the Congress during the congressional term 2002-2006, complementing activities under the proposed operation, particularly in terms of strengthening citizen participation and making Congress more representative. On the other hand, neither the World Bank nor the Andean Development Corporation has any projects under way with the Peruvian Congress (paragraph 1.44).

**Environmental and social review:**

Given the nature of the activities to be financed, no direct environmental and social impacts are anticipated. Profile II was approved by the Committee on Environment and Social Impact (CESI) at its meeting of 13 September 2002, and its observations are reflected in this project report (paragraphs 1.19, 2.3 a, b and c, 2.4, 2.9 ii).

**Benefits:**

Because it focuses on legislative functions, political representation, and congressional oversight and control and on improvement of the body's management and technical analysis capacity, the program will help to consolidate democracy by strengthening one of its basic institutions. The program will facilitate understanding of existing legislation, improve technical support for the formulation of draft legislation, and contribute to debate on and approval and monitoring of the general budget.

The program will help to professionalize legislative committees by creating technical secretariats that will serve as institutional memory and provide the required level of technical information, beyond purely political debate. Introduction of modern administration and management systems will enhance efficiency and transparency in the use of congressional resources.

The program contains an innovative feature that will increase levels of citizen representation and restore public confidence in the legislature, by opening channels for participation by civil society, providing systems for channeling information, and fostering citizen education.

Over the medium and long term, with democracy and its institutions functioning more smoothly, and by achieving juridical predictability and security, economic and commercial activity, in particular domestic and external investment, will be encouraged.

**Risks:** The program faces two major risks. The first is that legislators will fail to appropriate and make use of the new legislative and support procedures (comprehensive advisory services system, among others). To avoid this risk, the program was designed in direct consultation with the representatives to reflect their expressed needs and the dynamics of parliamentary processes. The second risk is that the program might become politicized, and that a portion of its funding might be diverted for partisan purposes. This risk will be minimized through implementation of the agreed Operating Regulations, which set out clearly and in detail the conditions and procedures to be used in the various stages of operations, contracting and procurement.

A further risk relates to the annual rotation of the Presiding Officers, which could produce changes in project priorities and activities. This risk will be minimized by establishing the Technical Committee, which will remain in place throughout program execution. This committee, which has representatives of all political factions in the Congress, will make it possible to maintain the consensuses and political commitments undertaken during the design of the operation.

Lastly, lack of familiarity with Bank procedures could lead to delays. For this reason, the Operating Regulations have been designed to facilitate execution by requiring, among other conditions precedent, the contracting of a head of the Program Administration Unit (PAU), with a profile agreed upon with the Bank.

**Special  
contractual  
conditions:**

The following will be conditions precedent to the first disbursement: (i) the creation of the PAU, reporting to the Chief Administrative Office, and the contracting of its head and the selection of the personnel responsible for financial administration and contracting and procurement; (ii) the physical premises and equipment for the PAU must be available, including the necessary furnishings, telephone and e-mail facilities; (iii) entry into force of the Operating Regulations agreed with the Bank; (iv) a special bank account must be opened to handle funds from the Bank; and (v) final Annual Operating Plans (AOPs) must have been approved by the Bank for the first year of execution (paragraph 3.14).

Once the General Conditions in the loan contract to be signed with the Bank have been fulfilled, an amount equivalent to up to US\$300,000 may be disbursed against the loan to assist the executing agency in launching program activities, including compliance with the special contractual conditions (paragraph 3.17).

**Poverty-targeting and social sector classification:**

This operation does not qualify as a social equity-enhancing program. Nevertheless, to the extent that successful efforts to reduce poverty and foster sustainable development require a substantial increase in institutional capacity, the formulation of suitable and sustainable public policies, and a favorable political environment, the program will contribute in these areas and will therefore have an indirect impact on social equity. As well, by creating mechanisms for citizen participation, information and dissemination, and improving the capacity of Congress to draft legislation and exert oversight, it will contribute further in this direction (paragraph 4.7).

**Exceptions to Bank policy:**

None.

**Procurement:**

The ceilings above which international competitive bidding will be required for this program are: US\$350,000 for goods and related services and US\$200,000 for consulting services. These ceilings are justified in light of similar projects in the country, where external bids have been submitted only when the amounts involved exceeded these figures. Procurement below these amounts will be done in accordance with domestic legislation.

## **I. FRAME OF REFERENCE**

### **A. Conceptual framework for the program**

- 1.1 The process of consolidating democracy requires that parliamentary institutions be gradually and increasingly strengthened. Greater efficiency and effectiveness in the exercise of parliamentary functions will induce greater social recognition of the importance of the parliamentary role in the political system. In this respect, strengthening the Peruvian Congress starts with a thorough review of the way in which legislatures in democratic systems exercise their inherent powers—to legislate, oversee and represent interests—and implies an effort at institutional engineering in order to equip parliament with the tools and resources of all kinds needed to fulfill these tasks.
- 1.2 The concept of parliamentary representation is defined as a dynamic relationship between the elected authority and the community. It cuts across all parliamentary functions, and its objective is to link the representative to the needs and demands of the community. It must be exercised as a national mandate, with due respect for all ideological, social, political, regional and territorial currents, regardless of the electoral formula used. The representative must not only deal with the issues or problems of a specific constituency, but must fulfill his electoral mandate to participate in the major decisions that affect the nation as a whole.
- 1.3 The challenge facing Congress is to articulate private interests with those of the nation. The Congress must have the capacity and the necessary mechanisms to assemble and synthesize the demands that social forces are constantly laying before the branches of government. The parliament must be able to recognize, channel, articulate and process these demands in a timely manner so as to forestall situations that might degenerate into crisis and affect governance. If mechanisms for citizen participation are open to the reception and handling of these demands, they will be addressed as proposals, initiatives or petitions that can then be subjected to rational debate as to their feasibility, articulation and prioritization. Governance presupposes, then, a system of effective mechanisms for citizen participation. There is a clear interdependence between the parliamentary function and governance, and it revolves around representativeness.
- 1.4 One of the key functions of democratic parliaments is to participate in the process of creating instruments to guide public policy in their respective countries. This function, which arose historically from the notion of political representation, includes the capacity to work out agreements among the social forces represented on issues of national interest that are expressed in legislation of an abstract and general nature. One of the most important considerations with respect to this capacity is to determine the taxes required to meet the State's needs, to define the scope and conditions of specific expenditure items, and to evaluate the effectiveness and the efficiency of expenditures for meeting specific goals.

- 1.5 Lastly, parliamentary oversight is one of the ways in which society controls the other branches of the government to prevent deviation from their institutional objectives. The ultimate objective of parliamentary oversight mechanisms is not to impose political sanctions but rather to inform the citizenry about the manner in which power is being exercised, recognizing that a properly informed citizenry exerts real control through elections.

**B. Political and economic framework**

- 1.6 After nearly four years of stagnation, during which the growth rate averaged less than 1 percent, the Peruvian economy began to recover in the last quarter of 2001, with gross domestic product (GDP) rising by 3 percent, and by 5.3 percent in the second quarter of this year. The economic program for 2002-2003 is designed to strike an appropriate balance between the need to consolidate the government accounts and the risk of stifling the fledgling economic recovery. Real GDP is expected to grow by 3.7 percent in 2002 and by 5.0 percent in 2003. The fiscal deficit target is set at 1.9 percent of GDP in 2002, and 1.4 percent in 2003. A key element of the fiscal program is a reform of the tax system to make it more neutral and equitable, and to broaden the tax base.
- 1.7 To help establish a climate of economic confidence, the authorities have reached an agreement with the International Monetary Fund (IMF) for a two-year standby program, which was approved in February 2002. The program's medium and long-term objectives call for continuation of structural reforms, with emphasis on privatization, tax reform, overhaul of the pension system, and the need to maintain the benefits of the financial and commercial reforms of the past decade.
- 1.8 In response to the political crisis that shook the country in 2000, Peruvian society has committed itself to consolidating the democratic system and to modernizing and decentralizing the State. The ensuing national debate has paved the way for profound changes in the institutional order, ranging from redefining and strengthening democratic institutions through constitutional reform, to bringing greater transparency and responsiveness to the actions of the State in its relationships with the citizens and in its execution of public policies. This process is manifest in the search for ways to strengthen the democratic political system and to improve its functioning.
- 1.9 From this debate, a significant consensus has emerged among the political groups represented in Congress, as well as within civil society, to the effect that consolidating the democratic system requires efforts to bring greater legitimacy to its basic institutions and to make the citizens more aware of the functions and objectives of those institutions. At the same time, steps must be taken to strengthen those institutions through appropriate legislation and mechanisms that will ensure transparency.



- 1.10 In this context, the national Congress plays a key role because of its legislative and oversight powers, as well as its representation function. Given the pluralistic makeup of the current Congress, based on direct popular election of candidates nominated by the political parties, and its legislative and oversight functions, the Congress is an active player and the central forum for this national political debate.
- 1.11 There is a broad consensus among legislators on the need to equip Congress with a greater administrative capacity and better technical tools for legislative analysis and management, so that it can fulfill its role as an essential element of the democratic process. The government and other political players agree on the importance of addressing the issues related to strengthening and modernizing the institution of Congress, both in terms of its basic functions and from the strictly technical and administrative viewpoint. The Bank, for its part, is actively committed to the strengthening of democratic governance and civil society.

### **C. The national Congress**

- 1.12 According to the Peruvian constitution, legislative power is vested in the Congress, which consists of a single chamber of 120 elected deputies. Congress is elected for a term of five years, with the powers to: (i) represent the citizens in the exercise of power; (ii) make laws and pass legislative resolutions, and interpret, amend or repeal existing ones;<sup>1</sup> and (iii) oversee the performance of the other branches and agencies of State. Its activities are governed by the constitution, its own rules of procedure, and supplementary regulations.
- 1.13 The Congress has a Standing Committee whose responsibilities include legislative functions delegated during times of parliamentary recess. There are two regular sittings of Congress each year (27 July to 15 December, and 1 March to 15 June), and special sessions may be convened in accordance with legislative needs.
- 1.14 The basic structure of the Congress distinguishes between the "parliamentary organization", meaning the organization and work of the deputies themselves, and the "parliamentary service", referring to the advisory and administrative support bodies. The parliamentary organization includes the following bodies: the Plenary, the Executive Council [Consejo Directivo], the Spokespersons' Assembly [Junta de Portavoces], the Presidency, the Presiding Officers [Mesa Directiva], and the Committees. There are 28 regular committees, dealing with economic, political, social, juridical, ethnic and gender issues, and investigation of complaints against senior public officials and institutions. In addition, there are special committees, and the Parliamentary Groups. The parliamentary service consists of the Chief Administrative Office [Oficialía Mayor], under which are the Parliamentary Management Office [Dirección General Parlamentaria], the Administrative Management Office [Gerencia General], and the Internal Audit Office.

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<sup>1</sup> Article 102, Political Constitution of Peru, 1993.

Table I-1. Parliamentary Organization	
<p><b>Plenary:</b> this is the highest deliberative assembly of the Congress, and includes all members.</p> <p><b>Executive Council:</b> composed of Presiding Officers and representatives of the Parliamentary Groups.</p> <p><b>Spokespersons' Assembly:</b> composed of the Presiding Officers and Spokesperson for each Parliamentary Group, whose vote will be proportional to the number of seats they represent.</p> <p><b>President:</b> represents the Congress and <b>presides</b> over its sessions</p>	<p><b>Presiding Officers:</b> responsible for the administrative leadership of Congress and its debates. Consists of the President and five Vice Presidents.</p> <p><b>The Committees,</b> which may be <b>regular</b>, investigative or special.</p> <p><b>Parliamentary Groups:</b> groups of deputies who share common or similar ideas or <b>interests</b>. Each has a minimum of six deputies.</p>

- 1.15 The Presiding Officers have a fundamental role both in the political process and in the administrative management of Congress. They are responsible for directing debates in the plenary, and for appointing the most senior officials of Congress, upon nomination by the Chief Administrative Officer, and authorizing the contracting of services, the holding of competitions, and the appointment of technical and auxiliary staff. The Presiding Officers appoint the Chief Administrative Officer, on the recommendation of the President of Congress.
- 1.16 The Chief Administrative Office is the senior body of the parliamentary service, and its head, the Chief Administrative Officer, has the following functions, among others: (i) to organize and direct the parliamentary service; (ii) to prepare the agenda for sessions of the Plenary, the Standing Committee and the Executive Council and to assist the President and members of the Board in their functions; (iii) to act as secretary for meetings of these bodies and to prepare draft resolutions or decrees adopted by those bodies; (iv) to prepare the draft annual budget and the General Account of Congress; (v) to supervise public bidding and procurement; (vi) to sign contracts as necessary for the functioning of the parliamentary organization and services; (vii) to prepare and submit to the Board administrative rules, the staffing plan, salary amounts and adjustments for all congressional officials and deputies themselves; and (viii) to provide advisory services and logistical support to deputies.<sup>2</sup>

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<sup>2</sup> Rules of Procedure of the National Congress, Article 38.

**Table I-2. Parliamentary Services**

<p><b>Chief Administrative Office:</b> ultimate authority of the parliamentary service, under which are the Parliamentary Management Office, the Administrative Management Office, and six line departments.</p> <p><b>Administrative Management Office:</b> consists of five branches and 17 departments, with responsibilities for: (i) administration of physical, human and technological resources; (ii) property management; (iii) accounts; (iv) budget execution; (v) bidding and calls for proposals, based on price and merit; and (vi) administration and development of information systems.</p>	<p>Parliamentary Management Office: consists of three divisions and is responsible for: (i) processing parliamentary proposals; (ii) organizing the agenda for the Plenary, the Standing Committee and the Executive Council; (iii) organizing and processing parliamentary papers and the congressional record; and (iv) drafting minutes of the Plenary and the Standing Committee.</p>
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## **D. The representative function**

- 1.17 According to the Andean Commission of Jurists, the Peruvian parliament is suffering a crisis of representation, reflected in its lack of credibility with the citizenry. This phenomenon has many causes, including the fact that the institution is not solidly rooted in the country's history, its links to the citizenry have been weak and at times nonexistent, and it has no information strategy to keep public opinion informed of its doings or to educate the country about its role. To this we must add problems arising from the crisis of political parties, the fact that Congress played little role in resolving national problems during the Fujimori decade, and the lack of democratic continuity that has affected it so many times.<sup>3</sup> This situation also reflects the events that occurred after 5 April 1992, when the President, with the support of the military establishment, dissolved Congress and convened a constituent assembly that promulgated a new constitution in 1993.<sup>4</sup> This in effect stripped the legislative branch of many of its powers,<sup>5</sup> and limited its control over certain acts of government. Its rules of procedure were amended, with the support of the governing majority, to provide that positions of trust should be held only by persons who enjoyed the support of the Executive, and to prevent the approval of any motions that would have exerted control contrary to the Executive's interests.

<sup>3</sup> Andean Commission of Jurists, "Parliament and the Citizenry, Problems and Alternatives", page 227, Lima, 2001. The CAJ is a private, nonprofit international organization of regional scope that provides juridical services in the public interest for strengthening the rule of law.

<sup>4</sup> The weakness of the institution was one of the reasons why it was relatively easy to dissolve, and why the public generally supported this move. According to a survey conducted by DATUM and published in the newspaper *El Comercio* on 10 April 1992, 84 percent approved of its dissolution.

<sup>5</sup> Among the powers that Congress lost were the right to convene in extraordinary session, to ratify the appointment of ambassadors, magistrates and officials of the Supreme Court and senior military promotions, and, with the disappearance of the Senate, the possibility of subjecting draft legislation to double debate.

- 1.18 In Peru, parliamentarians are under no formal obligation to implement mechanisms for serving their constituents. This has led some deputies to immerse themselves in the internal business of Congress during much of their mandate, and to ignore their relationship with the community until it comes time to stand for reelection. This has undermined the relationship between civil society and the work of the Congress and its committees. Statistics show that Congress had a low approval rating over the last nine years (1993-2000), varying between 20 and 50 percent. According to the Andean Commission of Jurists, "this poor perception is nothing new. Historically, parliament has been criticized on the following grounds: it is seen as a body that is removed from national problems and the interests of the voters; there is no transparency in decision-making and in management of the institution; there is no parliamentary culture among deputies".<sup>6</sup>
- 1.19 In addition, the weak situation of political parties has led to the virtual disappearance of their intermediation function in the process of public policy formation, which has tended to reflect the interests of those groups that have access to decision-making channels, rather than any broader social consensus that might lead to better government. As a result, large segments of the population are unaware of the major functions that Congress is supposed to fulfill, and they tend to have expectations of it that cannot be met. Moreover, there is little room for public participation in legislative procedures and in the preparation of laws. This is particularly important when debating legislation dealing with ethics, gender and environmental issues.
- 1.20 Factors such as distance, amount of information and the absence of any effective means of interaction between parliamentarians and the people they represent have conspired to produce a situation where the mass media have become the principal channel of communication between parliament and the citizenry. In the great majority of cases, parliamentary acts and decisions reach the public only through the media, where they are often colored with value judgments that the public tends to accept. To the extent that Congress lacks a policy of interaction with the media, and the media are largely incapable of analyzing and interpreting parliamentary work, an important opportunity for communicating with society and enhancing the quality of political debate is being squandered.
- 1.21 The problem of representation will face new challenges as a result of the decentralization process that is to begin in January 2003. Under that process, 24 departments will be established, and each will have bodies with policy-setting powers in areas of their exclusive jurisdiction, as well as coordinating bodies that will serve to intermediate and articulate the public will (which today is very diffused). This is likely to result in much greater demand on the part of the citizens

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<sup>6</sup> CAJ, op. cit., pages 29/32.

for solutions to their problems.<sup>7</sup> As well, establishing mechanisms for articulation between the levels of government for conveying these needs to the national legislature would help improve the quality of the legislative process, by feeding information from each jurisdiction into the national scenario.

#### **E. Legislative and oversight functions**

- 1.22 Legislative work in the recent past was limited essentially to rubber-stamping initiatives from the Executive, without any opportunity to improve the quality of legislation through in-depth debate with real technical and conceptual contents. The Congress consequently lacks experience in analyzing the feasibility, the cost and the economic and social impact of proposed laws, and it has neither the methodology nor the legislative technical staff to perform these tasks.
- 1.23 The current weakness of the instruments available to support the legislative process is compounded by red tape and bureaucracy: a legislative initiative<sup>8</sup> or draft must pass through at least 14 steps and at least eight different bodies before it reaches the plenary. Some of these steps are purely administrative while others, such as the plenary session of the committee sponsoring the initiative, are substantive and have authority to accept in full the committee report<sup>9</sup> (assuming this is positive); modify it, request further information, ask the sponsor to substantiate the proposal, or reject the committee report. If the initiative is approved, one or more recommendations are prepared and sent to the Executive Council: that body will decide its place on the agenda of the plenary which, in turn, may accept it or return it to the committee. Many of the steps are performed manually, with little use of electronic supports, and all documents are distributed in hardcopy and in person to parliamentarians and officials. The process of formulating laws does not provide for any consultation or discussion of their contents beyond the Congress, leaving it up to each committee or representative to take any such initiative.
- 1.24 The Congress has no institutionalized system to provide it with advice and information. This reflects:

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<sup>7</sup> Given the broad spectrum of conceptual and operational definitions involved in the decentralization process, it must be expected that regional governments will become players with a legitimate interest in the national policies approved by the Peruvian Congress. Their particular status as intermediaries between citizens in their jurisdiction and the national level, as well as the powers they wield (as policymaking government bodies) argue for giving them special treatment in their access to the national powers.

<sup>8</sup> "Legislative initiative" is a power of the President of the Republic, parliamentarians, and, within the limits of their jurisdiction, the Judicial Branch, the National Magistrates Council, the Office of the Attorney General, the Public Defender, the National Elections Board, the Regions, the Municipalities, the professional associations, and citizens representing at least 0.3 percent of the electorate.

<sup>9</sup> The committee report is prepared directly by the President of the respective Committee, or by a subcommittee appointed to review the initiative.

- a. The lack of professional staff to ensure continuity of service beyond the duration of the legislative term, to keep the institutional memory, and to provide effective, efficient and impartial technical support to legislators. The rules of procedure do not provide for pre-established, objective and permanent rules for hiring employees, nor any requirement to provide advisory service, which means that advisory bodies tend to be made up of political appointments. Each member of Congress is entitled to a staff consisting of 3 operational personnel (secretary, assistant and security supervisor) and an adviser.<sup>10</sup>
  - b. The staff that Congress assigns to parliamentary groups is similar to the support staff provided to members' offices, and includes two operating staff (one secretary and one assistant) and an adviser.<sup>11</sup> The parliamentary groups have no support other than that provided by Congress, since they have no budgetary allocation of their own, and the parties give them no technical support.
  - c. Although the committees have an advisory staff, they are elected directly each year by the committee president, and by the parliamentary groups represented on the committee. The committees have a basic staff of four members,<sup>12</sup> two of which are operating personnel, and cannot be considered as technical support staff with expertise in the committee's field of competence. Moreover, some committees hire external advisers for each parliamentary group, to help with the processing of specific legislation.
  - d. The Congress has a general library that offers service both to internal and external users, including the typical library functions such as collecting and lending bibliographic materials, as well as research and basic information processing services. The library's collection (90,000 titles) is however considerably smaller—by a factor of seven—than the average (627,380)<sup>13</sup> of a sample of 19 parliaments. Moreover, the number of librarians and researchers falls short of demand. The same sample shows that for every 100 parliamentarians in the 19 sample countries there are 62 library employees, while in Peru there are only 25 to serve 120 members of Congress.
- 1.25 Despite the apparently high ratio of 16 employees per member of Congress, there is no permanent staff with the capacity to evaluate the overall performance of the economy and to provide advice on fiscal and financial matters. Congressional approval, monitoring and evaluation of the budget, as well as control over its

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<sup>10</sup> The annual cost of support staff in each member's office is about US\$65,000.

<sup>11</sup> The annual cost of support staff for each parliamentary group is about US\$67,000.

<sup>12</sup> This basic staffing level costs approximately US\$108,000 a year for each committee.

<sup>13</sup> The sample excludes the US Congress and the Japanese Diet, because of the size of their library collections: 110 million and 6,680,000 respectively. Source: Liahut Baldomar, Dulce Maria, Characteristics of information services in 21 congresses of the world. Mexico City, Chamber of Deputies, 2001.

execution, is limited by a series of factors ranging from lack of technical capacity (technical support, computerization, capacity to monitor and oversee activities and budgetary standards) to design shortcomings in parliamentary procedures, where the regular committees are not even involved in discussions affecting the sectors they supervise. This risks creating a divorce between the political priorities that are supposed to be negotiated in Congress, the output of the entities and the way resources are ultimately allocated.

- 1.26 Not only does the Congress have little cumulative experience with the function of oversight and supervision of the State,<sup>14</sup> it also has difficulty in gaining timely access to information from other branches of government; its human and financial resources are inadequate for exerting proper oversight; and legislators have only limited awareness of the nature and scope of parliamentary oversight.
- 1.27 A further and growing problem has to do with the relationship between Congress and the Executive Branch. There is no control, nor any classification or monitoring, of the flow of information requests from parliamentarians to government officials, which leads to tremendous duplication of requests and difficulty in applying criteria for giving them priority. The President of the Council of Ministers recently requested that Congress observe a moratorium so that the more than 11,000 outstanding requests could be processed.

#### **F. Parliamentary services**

- 1.28 The administrative procedures of the parliamentary service are highly bureaucratized, management systems are inadequate, computer systems are nonoperational, and there is an urgent need for better qualified administrative staff. Not only is the parliamentary service very complex and fragmented in its organization, with more than 70 units, including divisions, bureaus, offices and departments, but procedures are bogged down in a plethora of rules and there are no modern administrative systems for managing human resources, procurement, finances and general services. This situation results in slow, insufficient and poor-quality service that is of little use to parliamentarians in their complicated work.
- 1.29 The Congress today has about 1,950 employees and workers, of whom 930 are in the parliamentary service (technical and administrative staff), and more than 1,000 work in the parliamentary organization (the political area, including office staff of members and committees). Their contracts are similar to those in the private sector, which allows for considerable flexibility in the management of human resources. On the other hand, there is no structured career nor any detailed and continuous study of actual personnel needs, by area and by functional profile. In this respect,

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<sup>14</sup> From 1980 to 1990, 86 investigative committees were appointed to look into complaints of excesses by the Executive Branch. This number dropped to 16 between 1990 and 1995, and to 3 from 1995 to 2000. CAJ op.cit. p. 141.

there is a need to revise policies and rules governing the selection and hiring of personnel, such as the operations manual, the number and description of positions and job profiles, and training plans.

- 1.30 The shortcomings in the support and management systems are even more apparent because of the intensity with which parliamentary work has recently been growing. According to the Congressional Procedures and Statistics Department, the average number of draft laws received every day grew from 3 in 2001 to more than 10 between January and April 2002, and there is now a backlog of more than 3,500 such proposals awaiting review. Over the same period, the number of documents in processing rose from 134 a day to 216 and (by way of detail) the number of photocopies made each day increased from 57,000 to 84,000.
- 1.31 Congress makes use of information technology in two areas: administrative systems, and the congressional Internet portal. The administrative systems do not meet the institution's needs in full, and are in fact unintegrated and outdated, while the congressional portal (<http://www.congreso.gob.pe>) receives an average of 40,000 visits a month and is well structured to provide access to information and allow interactivity with society.<sup>15</sup> The institution has about 1,500 personal computers for a total of some 2,000 employees plus the 120 members of Congress: all of these are connected to the internal network, and about 1,000 have external access via the Internet. This computer infrastructure is still being underused, and requires new connectivity systems and equipment, in addition to a proper training plan so that better use can be made of existing equipment.
- 1.32 Another specific issue is that of the security of congressional premises. Although more than 50,000 people visit the Congress every month, there is no proper system of identification and access control to safeguard the institution's security.

#### **G. The congressional strategy**

- 1.33 On 9 April 2001, a new parliament emerged as a result of decisive amendments to the electoral system, which instituted the Multiple District (with parliamentary representation elected in each department of the country) as opposed to the Single District (with representation elected at the national level). Since the new Congress was installed on 28 July 2001, there has been a significant change, because the new and much more direct system of representation means that the legislative process must now combine regionalism with decisions on national policy. This new system has sparked a surge in social and political demands that are changing many of the assumptions under which the former Congress operated, and are making reform and modernization of the institution even more urgent.

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<sup>15</sup> The Portal contains general information on Congress and its members and on the parliamentary agenda, and it allows for administrative transparency, consultation of legislation and proposals, and the possibility of interaction through the Virtual Parliament, which receives an average of 150 public requests every month.



- 1.34 To this end, members elected for the parliamentary term 2002-2006 decided to implement a "Institutional Strategic Plan" setting out the "vision and mission of Congress", as well as a series of short, medium and long-term objectives for modernizing the institution on a sustained and continuous basis. The Bank subsequently received a request, endorsed by the Executive Branch (President of the Council of Ministers and the Minister of Economy and Finance) to prepare the present operation. The Presiding Officers, which represent nearly all (97 percent) parliamentarians, appointed a Technical Committee to prepare and monitor the plan, involving representatives of the different political groupings, congressional officials, and outside advisers. According to the decision of the Presiding Officers, the committee will be in place until 2006 and is to be responsible for strategic direction and supervision of the program. During that time its composition will remain stable.
- 1.35 In consultation with some 220 individuals, including deputies, advisers and officials, that committee drew up its strategic plan, with six components: (i) rethinking functions and institutional procedures; (ii) operational re-adaptation of internal procedures, and of relations with other branches of government; (iii) specialized support services for parliamentary functions; (iv) administrative management capacity; (v) new regulatory framework and rules of procedure; and (vi) computerization. The plan has been debated and assessed favorably by the project team, and has served as the basis for identifying the program's areas of intervention.
- 1.36 By means of Legislative Resolution 020-2001-CR of 15 July 2002, the Standing Committee of Congress approved the strategic plan for the parliamentary term 2002-2006. That plan entrusts the Committee for the Modernization of Public Administration, a regular committee of Congress, with monitoring and verifying performance in accordance with the strategic plan. All parliamentary groups have expressed their support for the activities called for in the plan, which enjoys broad consensus among members of the parliamentary organization.
- 1.37 In order to bridge the gap that currently exists in the relationship between members of Congress and their voters at the national level, Congress decided to establish Decentralized Offices for Citizen Participation (ODPCs)<sup>16</sup> in each of the 24 departments, for the purpose of publicizing the activities of Congress, facilitating the work of parliamentarians, promoting better understanding of the functions of Congress, and encouraging citizens to participate in drafting legislation affecting their interests, as well as in exerting oversight and control over the other branches of government, and over the deputies themselves.

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<sup>16</sup> There are currently six ODPCs in operation, in Iquitos (Loreto), Piura (Piura), Chachapoyas (Amazonas), Cajamarca (Cajamarca), Cerro de Pasco (Pasco) and Huaraz (Ancash). By December another four will be installed, and there will ultimately be 30 offices in Lima and in the interior.

## H. Strategy and experience of the Bank and other donors

- 1.38 The general objective of the Bank's strategy in Peru is to bring about a sustained and sustainable reduction in poverty. For the most part, therefore, its short-term activities are aimed at: (i) enhancing the **productivity and competitiveness of the economy**; (ii) making **social policy more efficient**; and (iii) creating a **modern and efficient State** that will serve the people's needs. The proposed strategy takes account of the Bank's comparative advantages and the activities of other institutions, and of the government.
- 1.39 The proposed project is not only consistent with that strategy but is in fact an explicit part of it, having been agreed with the government as a priority for the country, in order to support efforts to consolidate democracy by improving the quality of legislative output and enhancing communication between Congress, the citizenry and the other branches of government. To the extent that the Congress can bring juridical security and legal functionality to the State, it will be a catalyst for economic investment, both domestic and foreign, and can guarantee continuity in the recently initiated democratic process. In this respect, the operation is also consistent with the Bank's frame of reference for projects to modernize the State and strengthen civil society (document GN-1883-5).
- 1.40 The Bank has approved loans and technical-cooperation operations to strengthen the legislative branches in Brazil, Bolivia, Colombia, Ecuador, Venezuela, Peru, Costa Rica, Guatemala, Panama, the Dominican Republic, Honduras and Nicaragua. In all of these cases, parliaments have received support in terms of institutional strengthening, computerization and documentary support.
- 1.41 The present operation began as a response by the Bank to a request from the government to support this reform program, and is part of a broader effort that includes other projects, such as the recently approved loan for Modernization and Decentralization of the State (PE-0217). This operation includes activities that will complement and reinforce some of the objectives pursued by PE-0217, in terms of coordination between the Legislative and Executive Branches, and decentralizing national representation.
- 1.42 In 1993, the Bank took an initial step in support of the legislative branch, through a nonreimbursable technical-cooperation operation (ATN/JF-4346-PE), to pay for upgraded equipment (most of which is still in operation), systems and databases, wiring of the four buildings belonging to Congress, and an image computerization system (400,000 documents digitized), among other outputs. However, no new systems were developed or introduced in the administrative area. Given the political climate at the time, it was difficult to implement some aspects of the technical-cooperation operation, such as the parliamentary advisory services system. It was wound up in 1997, having laid the basis for the activities proposed in this operation, primarily in the area of computer infrastructure.

- 1.43 The current political situation in the country is substantially different from that of a decade ago, and offers an exceptional opportunity for pursuing a program of institutional strengthening for the Congress. There is in fact a consensus among all the political groups on the need for reforms that will allow Congress to exercise its responsibilities fully and to consolidate democracy in the country. This consensus was confirmed by the project team in meetings with all political groupings represented by the five vice presidents.

**I. Coordination with other official development institutions**

- 1.44 Since promulgation of the 1993 Constitution, the Peruvian Congress has been receiving ad hoc support from the United States Agency for International Development (USAID) and the United Nations Development Programme (UNDP), in the areas of training, parliamentary management, and programs to encourage citizen oversight through nongovernmental organizations (NGOs). Support has also been provided for dissemination, consultations and workshops to promote legislative initiatives. USAID will provide continuing support for the Congress during the congressional term 2002-2006, complementing activities under the proposed operation, particularly in terms of strengthening citizen participation and making Congress more representative. On the other hand, neither the World Bank nor the Andean Development Corporation has any projects under way with the Peruvian Congress.

**J. Lessons learned and the Bank's contribution**

- 1.45 There is considerable experience to show that efforts to modernize the State have failed to take proper account of the institutional and political setting. During preparation of this operation close attention was paid to these factors, and the political factions represented in Congress were involved at all stages. The establishment of a permanent and stable Technical Committee representing the political factions and the principal administrative authorities will provide a forum for negotiating and seeking agreement on activities that have an impact on the political work of deputies.
- 1.46 Interventions that are limited to tinkering with tools or simply strengthening technical and organizational capacities, without altering the structure of incentives that affect the willingness to apply these new tools or capacities, have generally been found to have little impact. For example, training public officials is of little use if nothing is done to guarantee their stability or professionalism. In this respect, much emphasis was placed during project preparation on achieving agreements for applying exclusively technical and professional criteria in the selection, promotion and removal of officials with a substantive role in the legislative and oversight activities of Congress.

- 1.47 If programs and projects for modernizing the State, and parliaments in particular (because of their level of politicization), are to be successful, there must be a clear commitment on the part of the stakeholders. Experience shows that the most successful projects are those that have seized a window of opportunity resulting from a crisis or change of government, and where the borrower has clearly appropriated the design. As indicated, preparation of this operation involved participation by the major stakeholders, and took place in the context of a political transition, the main commitment of which is to consolidate the country's democratic institutions.
- 1.48 Establishing executing units with technical functions similar to those of line departments in entities with a degree of maturity in their organizational development runs the risk of creating a parallel structure to that of the institution and thereby generating frictions, impeding the transfer of knowledge and adding little permanent value for the institution. In this program, it has been agreed to strengthen the line units for the principal components and to establish a small unit that will provide essentially administrative support during execution.
- 1.49 In addition to the lessons learned, the Bank has contributed in the following ways during preparation of this operation:
- a. Serving as a catalyst for the interests and incentives of different political groupings to improve their work and strengthen the institution, by promoting consensus.
  - b. Technical analyses, provided a better understanding, both on the part of parliamentarians and of officials, about the institution's strengths and weaknesses. Workshops with experts from other parliaments provided an insight into successful experiences relating to legislative functions as well as those of control and oversight.
  - c. On this basis, technical proposals were prepared that stress collective benefits for deputies, rather than individual solutions that will do little to strengthen Congress as an institution. This is the case with the proposed Parliamentary Information and Advisory Services System, based on the principles of using objective and transparent technical criteria for the selection, promotion and removal of staff; providing services on the basis of equality to all parties with respect to the generation, analysis and dissemination of information and its neutral character; and assuring sufficient autonomy in the face of political variables to protect the technical quality of work and the interests of the institution.

## II. THE PROGRAM

### A. Objectives

- 2.1 The general objective of the program is to support institutional strengthening of the Peruvian Congress, in order to consolidate its representative function, improve its capacity to prepare, analyze and approve draft legislation, strengthen its control and oversight role, and enhance the efficiency and effectiveness of institutional management.

### B. Description

- 2.2 The proposed program has three components: (i) consolidating the representative function; (ii) strengthening legislative and oversight functions; and (iii) improving institutional management. Based on Bank experience, one of the main criteria used in identifying these components was to support the permanent functions of Congress through consensus-based actions, while avoiding activities of a more political or reactive nature.

#### 1. Consolidating the representative function (US\$1.1 million)

- 2.3 This component seeks to strengthen the institutional image of Congress so that it will be more representative and can inspire confidence among the citizenry, through the design and implementation of measures to strengthen: (i) mechanisms for serving citizens and enlisting their participation; (ii) communication between Congress and society; and (iii) the intermediation role of members of Congress, with a particular focus on the educational and information aspects of that role.
- a. **To strengthen mechanisms for serving citizens and involving them in parliamentary responsibilities**, consultants will be hired to implement the citizen participation plan, which includes creating a participatory network, revising working procedures as they relate to the Citizen Consultations System and the Citizen Service System; and a strategic institutional analysis. This analysis will consider the requirements, sources and flows of information for Congress, mechanisms for interaction between citizen participation instruments and legislative processes, as well as indicators for monitoring, evaluation and impact. The component will also finance evaluation and redesign of the instruments included in the Peruvian Virtual Parliament, so that it can become a mechanism for including citizen priorities on the legislative agenda, through Thematic Forums and Departmental Forums where people can register their opinions on matters of national and regional interest, and where feedback can be provided on local needs. The Congressional Portal will be used to disseminate the AOPs for this operation, its annual reviews and any revisions to the strategic plan, so that these can be discussed through the forums. Funding will be

provided to prepare a methodological design for the forums and to identify target groups.

The program will support the decentralized offices for citizen participation (ODPCs) by paying for consultants to define their processes and mechanisms of cooperation with the various bodies of Congress, training for their officers, and basic equipment for employees working in them (as administrators). The component will also finance a pilot fellowship program in cooperation with the country's universities. The fellowship program will not only help to strengthen the ODPCs but will establish the basis for a "young professionals" program with the Congress.

As a tool for strengthening congressional functions, funding will be provided for a database with a map of the key institutions and stakeholders, and a strategy will be prepared for involving those stakeholders in the work of Congress, with a focus on gender, ethnic and environmental issues. This will include conducting a survey of strategic information on stakeholders and on priority public demands, and the portrayal of Congress in the media, at the national level and by department.

- b. To **improve communications between Congress and society**, the component will finance the design and implementation of a social communication plan to improve the quality of the information the institution provides. Consideration will be given to funding activities for preparing and publishing annual reports on the legislative, oversight and budgetary activities of Congress, including technical aspects, language accessibility, transparency and the contents of information and the use of native languages where appropriate. The component will also finance civic education activities to inform the citizens about the work of Congress, through distance courses, educational TV and the creation of a video library.
- c. To strengthen the **intermediation role of members of Congress**, at least 12 legislative forums and 12 consultative meetings with citizens will be held, with the emphasis on the educational and informative aspects of this role. These forums and meetings will include issues relating to the political party system and other matters pertaining to representative democracy that need to be reformed or legislated in order to create a stable and inclusive political system.<sup>17</sup> A training system will also be designed and instituted for members of Congress, advisers and employees, dealing with their representative function, including courses, workshops and exchange of experience, and training in the techniques of conducting workshops in order to generate consensus. This activity will include

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<sup>17</sup> Among the issues to be examined will be the model for political party participation, State financing of party activities, and the inclusion of bodies for public consultation and debate within the legislative process.

ethnic, gender and environmental issues, among others, and it will be increasingly funded from the congressional budget.

## 2. Strengthening legislative and oversight functions (US\$3.8 million)

- 2.4 The second component seeks to improve the quality and processing of draft legislation, and the oversight and control capacity of members of Congress. It will pay for consulting services to review, propose and implement new policies, rules, and procedures, which will provide for: (i) rationalizing functions and redesigning procedures for the processing of draft legislation; (ii) a methodology for formulating, prioritizing, executing and monitoring the legislative agenda; (iii) formulation of proposals for reorganizing the regular committees, by creating permanent technical secretariats to provide legislative support and follow-up and to serve as the institutional memory for the committees; (iv) the design of technical support methodologies and services, and standardizing of working procedures to enhance the functioning of the investigative committees; and (v) internal rules governing debates.
- 2.5 The component will also finance preparation and implementation of a training program for employees covering, among other issues, the analysis and adoption of best practices from other congresses and entities involved in political control and oversight, including fellowships based on clearly established criteria.
- 2.6 Because many legislative proposals originate with other branches of government, particularly the Executive, and there is no proper system of articulation and consultation among those branches, there is a need to establish a permanent liaison body or system to foster synergy, avoid duplication of effort, and provide greater technical and political support to the formulation of draft legislation. The project will provide funding for consultants to prepare proposals to this end.
- 2.7 In order to provide all members of Congress with permanent, stable and high-quality technical advisory services, with respect both to legislation and to control and oversight, a **Comprehensive Parliamentary Advisory and Information Services System** will be established to serve all members on a non-partisan<sup>18</sup> basis. That system will consist of:

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<sup>18</sup> **Nonpartisan technical support services** have shown themselves to be very effective, particularly in circumstances of scarcity. Experience has shown that it is more efficient to devote parliamentary resources to strengthening institutional capacities than to allocate them to advisory bodies with exclusive ties to particular political groups or organs. While in the first case the resources can bring benefits to a greater number of users (assuming the same service is available to all), in the second case their use by one party excludes the others. Consequently, the resources will generate differential benefits, and so the use of public funds would not be justified. Of course, the idea underlying the nonpartisan parliamentary support bodies is that the institution in general, and the bodies and groups that comprise it, should benefit from the same resources and thereby avoid the need of creating equivalent advisory bodies for each possible group of users. For this reason, the services that these bodies provide must respect the guiding principles of objectivity, impartiality, scientific rigor and timeliness.

- a. The existing **parliamentary library**, whose services include lending books, newspapers and periodicals; integration and maintenance of databases of information, statistics and indicators; as well as bibliographic references and basic information;
  - b. A **Parliamentary Research Center (CIP)**, created by the Congress and to be bolstered through the program, which will process and analyze information for use by legislators during parliamentary proceedings (comparative studies, historical background, search for precedents, etc.), and will also conduct long-term research.
- 2.8 The institutional design of the technical advisory body is intended to meet the criteria of objectivity and impartiality, to ensure that it will serve all legislators regardless of their party affiliation, and to shield it from the political vicissitudes of congressional life. The CIP will perform the following functions: (i) compile, organize, and make available its collections of books, newspapers and periodicals, and documents; (ii) offer specialized information, analytical and research services to the leadership bodies of Congress, commissions, committees, parliamentary groups and individual members; (iii) respond to consultations and requests for information, and provide advice to legislators and their respective support bodies; (iv) give all legislators access to its products, such as reports, bulletins and research documents; (v) provide courses, seminars and workshops for legislators and technical staff of Congress; (vi) maintain a comprehensive database with external information relating to parliamentary functions as well as information generated by the system itself; and (vii) identify studies that could be performed by other institutions, and the terms of reference for them.
- 2.9 The CIP is divided currently into five topical areas, as follows: (i) economic studies; (ii) social studies; (iii) juridical studies; (iv) information and database; and (v) environment and ecology. During the course of program execution, the following areas are expected to be added: (i) public finances; and (ii) international studies. Studies and research will be conducted in those areas, which will support parliamentary work and will help the committees to prepare their drafts and to review those submitted by other agencies or by the public, and give technical assistance to other areas of the parliamentary organization.
- 2.10 In particular, the purpose of the economic and public finances area will be to assist the legislative and oversight functions of the commissions, committees, parliamentary groups and individual members in the economic area, and to contribute to debate, approval and monitoring of the national budget. This will involve the following functions: (i) analyzing the public finance and economic reports submitted periodically by the Executive Branch; (ii) preparing analyses, projections and calculations on economic issues and on government revenues, expenditures and public debt, as requested by the committees, as well as the parliamentary groups and individual legislators; (iii) evaluating the content and the



economic and budgetary impact of proposed legislation, as well as the underlying costs and benefits; (iv) providing the committees, parliamentary groups and legislators with the information they need in the course of approving and overseeing public revenues and expenditures; (v) compiling and organizing economic information from public and private agencies and making it accessible to Congress and its internal bodies; (vi) advising committees and legislators in formulating information requests to public agencies; and (vii) ensuring that government agencies and other public bodies comply with budgetary rules, particularly in terms of their obligation to provide regular information to Congress.

- 2.11 New staff for the CIP called for under the program will be hired through open competition, the basis for which will be established in the Operating Regulations. Selection, promotion and removal procedures will be consistent with an institutional program involving ongoing training and evaluation plans, according to government rules in force. Such training and evaluation plans will cover current and new CIP staff. In the case of the Director General of the CIP, selection will be by competition, and the decision to approve or terminate the appointment will require a qualified majority of the Executive Board, in accordance with the program Operating Regulations, in the context of pertinent agreements by the Presiding Officers.
- 2.12 The program will finance the consulting services needed to consolidate implementation of the CIP, the process of staffing and equipping the CIP, creation and accessibility of databases and other information sources, and building up the library collection, among other activities. It may also be used to pay a diminishing portion of remuneration for personnel who have passed the selection process such that, gradually, Congress will assume their full payroll cost by the end of the program. At the outset of these activities, a consultant will be hired to establish the baseline for indicators to measure the impact of the advisory system.

### **3. Improving institutional management (US\$3.5 million)**

- 2.13 The third component will strengthen administrative management and support legislative procedures so that parliamentarians can be guaranteed excellent service in terms of timeliness, quality and costs. The project will pay for consulting services and the procurement of goods and services related to: (i) institutional strengthening of the Chief Administrative Office [Oficialía Mayor]; (ii) improving administrative management procedures and systems; (iii) redesign and automation of legislative processes; and (iv) acquisition and implementation of technological solutions for parliamentary support.
- 2.14 **Institutional strengthening.** To reinforce the Chief Administrative Office, the program will support the annual review of the Institutional Strategic Plan of Congress, through an approach that stresses participation and internal dissemination

- of specific concepts and methodologies. The program will also support management of the component as a whole, by contracting technical support.
- 2.15 Funding will also be provided to analyze the entity's human resource needs and to design a new personnel plan, with position descriptions and occupational profiles, and establishment of a career service. A training plan will be financed for employees of the Administrative Management Office, with special emphasis on line employees.
- 2.16 **Administrative processes and systems.** The program will pay for redesigning, simplifying and automating internal administrative procedures. This will include acquisition, adaptation and implementation of an Integrated Administrative Management System (SIGA), covering the logistical aspects of goods and services, property management, accounting, cash management, planning and budget, and human resources and payrolls. The strategy for acquiring and implementing SIGA must include an interface with the Integrated Financial Administration System (SIAF), planned by the Ministry of Economy and Finance (MEF).
- 2.17 That strategy must also provide for maintenance of the SIGA, and for keeping it constantly updated to reflect the frequent changes in administrative rules and procedures for the Peruvian public sector, at least for the first three years of the system's operation.
- 2.18 In addition to administrative and general support procedures, the program will also support the review and updating of specific working procedures, such as controlling access to congressional offices. A single procedure will be established for controlling such access, using a specific system for recording visitors.
- 2.19 **The redesign and automation of legislative processes.** This includes the review of legislative processes and the functional design and implementation of the new Integrated Legislative Management System (SIGEL), incorporating the following functions: (i) management for the President and the Vice Presidents (Presiding Officers); (ii) cost-benefit analysis of legislative proposals; (iii) integration of the legislative agenda and the personal agenda of members of Congress; (iv) document processing; and (v) relations with the public.
- 2.20 To ensure that the review of legislative processes is ongoing and sustainable, the program will also pay for licensing for and implementation of Workflow and Content Management tools. Using Workflow, applications such as document processing can be developed and paperwork minimized, and all congressional processes can be integrated into a single platform. Content Management offers a modern and integrated single platform for all existing applications for image management, documents and video on demand, and a single repository for storing computerized information in support of congressional procedures. These new tools

will be accompanied by training for staff in their operation, support and maintenance, thereby ensuring that their use will be sustainable.

- 2.21 **Technological solutions for parliamentary support.** The following activities will be financed for the development and implementation of systems and tools for parliamentary support: (i) a communications system between Congress and the Executive Branch; (ii) optimization of the congressional portal and intranet; (iii) modernization of the plenary video system; (iv) a videoconferencing system; (v) upgrading of the computer infrastructure; (vi) improvement of voice and data communications systems; (vii) strengthening of data security; (viii) introduction of digital signatures and certification; and (ix) electronic voting systems. To automate and improve the quality of communications between Congress and the Executive Branch, a system based on the "single portal" concept will be designed and implemented so as to avoid duplication of congressional requests for information and opinions from the Executive Branch, and to achieve better integration with the legislative agenda. The system will also consider the need for liaison with other institutions (extranet) through functional integration using SIGEL.
- 2.22 To optimize the congressional portal and intranet, financing will be provided for revision of the information organization framework to make it more direct and user-friendly, both in terms of the operating platform and the functionality of the applications.
- 2.23 Modernizing the plenary video system will involve shifting from a VHS analog platform to a fully digital system. The program will finance the analysis, design and programming of the new model, and acquisition of digital cameras that can be connected to a new server for image management, thereby establishing a closed-circuit TV system that can record, store and retrieve images on CDs for all plenary sessions. This process will include training.
- 2.24 For the videoconferencing system, funding will be provided for acquisition and implementation of specific commercial software for connecting the Congress to the decentralized offices called for in component 1, "consolidating the representative function".
- 2.25 The purchase of new personal computers for upgrading the computer infrastructure is consistent with the institution's official plan for 2003-2005 and will make it possible to replace obsolete equipment.
- 2.26 With upgraded voice and data communications systems, Congress will be able to use an IP dial-up network with flat-rate charges to handle audio, image and data traffic, so as to speed up communications with regional offices and reduce telephone costs in general. The program will also finance the purchase of connectivity equipment for optimizing the internal communications network between congressional buildings.

- 2.27 Enhancing data security will involve erecting protection against intrusions into the congressional network, together with a disk redundancy architecture that will make information available 24 hours a day and ensure the security of data through backup facilities and a contingency plan.
- 2.28 Introducing digital signatures and certification will allow for authentication and administration of public or private keys used for accessing the internal network and specific services, as well as for communication with other public agencies.
- 2.29 Upgrading the electronic voting system will make it possible to identify the voting member, not by that person's seat location in the Plenary or a Committee but based on the person's identification and certification.

**C. Cost and financing**

- 2.30 The cost of the program has been estimated at the equivalent of US\$10 million. It will be financed by a Bank loan of US\$7 million, from the Ordinary Capital (to cover direct, financial and administration costs, and contingencies) and a counterpart contribution from the national government or other resources from international cooperation, amounting to US\$3 million. The project will be carried out over a period of 48 months, from the time the loan contract comes into effect, with disbursement over a period of up to 54 months, which will make it possible to conduct dissemination, assimilation and evaluation activities for the program with the new members of Congress who will take up their duties in July 2006.

**Budget**

<b>Categories</b>	<b>IDB</b>	<b>Counterpart</b>	<b>Total</b>
<b>1. ADMINISTRATION</b>	<b>800,000</b>	<b>6,429</b>	<b>806,429</b>
1.1 Administrative unit	800,000	6,429	806,429
1.1.1 National consultants	642,000	-	642,000
1.1.2 Computer equipment and systems	6,000	3,276	9,276
1.1.3 Training	86,850	-	86,850
1.1.4 Other items	65,150	3,153	68,303
<b>2. DIRECT COSTS</b>	<b>5,612,756</b>	<b>2,778,372</b>	<b>8,391,128</b>
2.1 Strengthening the representative function	959,412	175,545	1,134,957
2.1.1 National consultants	175,000	-	175,000
2.1.2 National consulting firms	188,600	41,400	230,000
2.1.3 Computer equipment and systems	257,480	56,520	314,000
2.1.4 Training	289,132	63,468	352,600
2.1.5 Other items	49,200	14,157	63,357
2.2 Strengthening the legislative and oversight function	1,783,344	1,972,827	3,756,171
2.2.1 National consultants	50,333	-	50,333
2.2.2 International consultants	16,667	-	16,667
2.2.3 National consulting firms	16,400	3,600	20,000
2.2.4 CIP personnel	864,984	1,833,236	2,698,220
2.2.5 Computer equipment and systems	76,560	12,240	88,800
2.2.6 Training	105,600	14,400	120,000
2.2.7 Other items	652,800	109,351	762,151
2.3 Strengthening parliamentary services	2,870,000	630,000	3,500,000
2.3.1 National consultants	944,640	157,804	1,102,444
2.3.2 National consulting firms	978,260	224,651	1,202,911
2.3.3 Computer equipment and systems	717,500	197,145	914,645
2.3.4 Training	229,600	50,400	280,000
<b>3. CONCURRENT COSTS</b>	<b>190,000</b>	<b>-</b>	<b>190,000</b>
3.1 External audit	90,000	-	90,000
3.2 Monitoring and evaluation	100,000	-	100,000
<b>SUBTOTAL</b>	<b>6,602,756</b>	<b>2,784,801</b>	<b>9,387,557</b>
<b>4. CONTINGENCIES</b>	<b>327,244</b>	<b>111,199</b>	<b>438,443</b>
<b>5. FINANCIAL COSTS</b>	<b>70,000</b>	<b>104,000</b>	<b>174,000</b>
5.1 Credit fee		104,000	104,000
5.2 Inspection and supervision	70,000	-	70,000
<b>TOTAL</b>	<b>7,000,000</b>	<b>3,000,000</b>	<b>10,000,000</b>

### **III. PROGRAM EXECUTION**

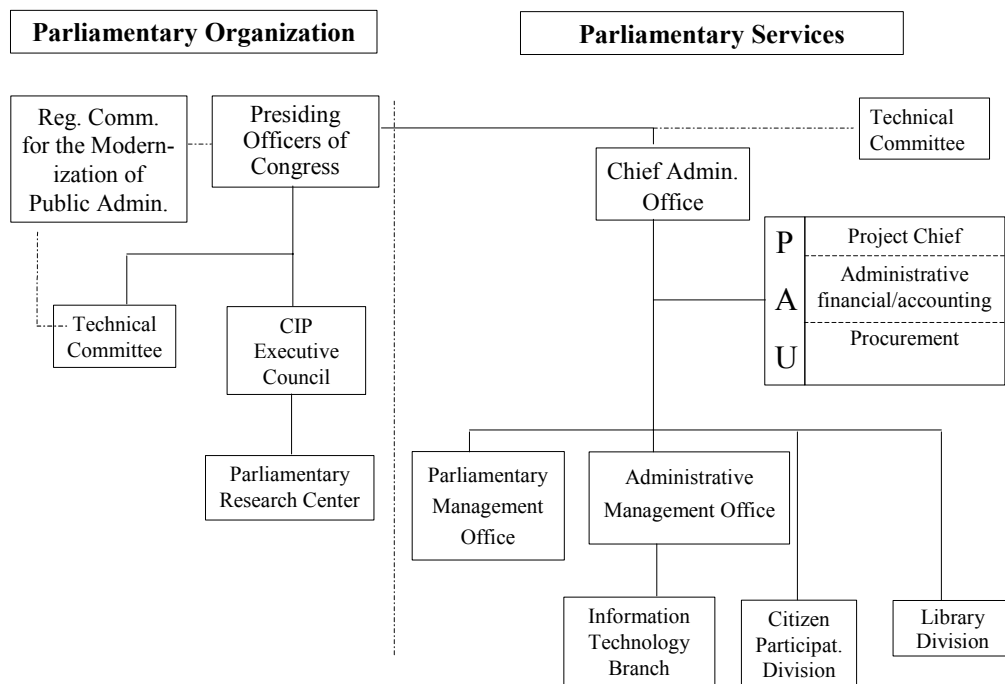
#### **A. Borrower, guarantor and executing agency**

- 3.1 The borrower will be the Republic of Peru and executing agency will be the National Congress, through the Chief Administrative Office, which is responsible for execution—on the instructions of the Presiding Officers, in the context of their area of responsibility—of the activities agreed upon by the Congress and the Bank. In turn, a multiparty Technical Committee will be responsible for strategic direction of the program and will monitor it throughout its execution. This committee consists of a representative of the President of Congress, a representative of each of the five vice presidents, plus the Chief Administrative Officer, the Parliamentary Management Director, the Administrative Management Director, and the Director of International Cooperation. The stability of its makeup will prevent annual presiding officer changes from disrupting the continuity of work.
- 3.2 By agreement of the Board, the Technical Committee also serves as the Secretariat for the Regular Committee for the Modernization of Public Administration, which will be kept informed of the operation's progress. The Technical Committee is thus the authorized interlocutor between members of Congress and the parliamentary services responsible for technical execution program.
- 3.3 The Chief Administrative Office, as the liaison point between the parliamentary organization and the parliamentary services, will be responsible for execution and for monitoring the results of the project. It will have a Program Administration Unit (PAU), the main function of which will be to support the congressional line offices responsible for execution. The PAU will be headed by a Project Chief, representing the Chief Administrative Officer, will be responsible for monitoring timetables, helping the offices meet their deadlines, and coordinating the internal work of the PAU. The Chief Administrative Officer will provide regular progress reports to other members of the Technical Committee.
- 3.4 In addition to the Chief Administrative Office, the line offices responsible for executing the three components are the Parliamentary Management Office, the Citizen Participation Division, the Parliamentary Research Center, the Library of Congress, the Administrative Management Office, and the Information Technology Branch. The loan will pay for a temporary technical assistant to the Citizen Participation Division and another for the Information Technology Branch, terms of reference for which will be formulated by those units and will specify mechanisms for transferring knowledge to employees, for constituting the Comprehensive Parliamentary Advisory Services and Information System. This system will be staffed by people now working in the Parliamentary Research Center and the library plus committee advisers and professional staff hired under the program. All

new specialized technical staff of the system will be hired in accordance with procedures in the Operating Regulations.<sup>19</sup>

- 3.5 With regard to the Parliamentary Research Center (CIP), it is worth noting that a CIP Executive Council was set up by agreement with the Congressional Presiding Officers, with participation by members representing the various parliamentary factions. The Council represents the Presiding Officers in the multiparty running of the CIP and is responsible for its strategic orientation and oversight. In this regard, the CIP is functionally attached to the Council and administratively attached to the Chief Administrative Office.

**Figure III-1**



## **B. Project execution and administration**

- 3.6 The PAU will support the Chief Administrative Office in coordinating program execution, and will handle the contracting of consultants and the procurement of goods and services. The individual offices responsible for project components will prepare the terms of reference, the bidding documents, and the reports. The PAU will also: (i) see to the observance of contractual obligations relating to program

<sup>19</sup> The details on the composition and functioning of the system are found in the Operations Program and the Regulations.

- execution; (ii) help to identify and handle administrative needs of the units responsible for the components; (iii) prepare budgets and progress and performance indicators for program management purposes; (iv) provide financial and accounting information as required by the Bank; (v) present annual audited financial statements in accordance with Bank procedures; (vi) monitor budgetary and physical execution; (vii) supervise the provision, use and maintenance of goods, equipment and materials purchased with program resources; (viii) process disbursement applications and submit substantiating documentation for expenses eligible under the program, in accordance with Bank procedures and the Operating Regulations (OR); (ix) prepare semi-annual program execution reports; (x) maintain adequate systems for contract administration and payment, financial accounts and internal control, and supporting documentation files. All communications with the Bank must go through the PAU; and (xi) coordinate preparation of the AOPs and present them to the Bank.
- 3.7 The PAU's activities will be confined to the project and will be closed when the project is completed. In addition to the chief responsible for program planning, coordination, monitoring and evaluation, the PAU will have at least one administrative, financial and accounting expert; a procurement and contracting expert; and the necessary administrative support. The head of the PAU will be contracted with loan funds for the duration of the project, will be selected by competition and may not be removed without the Bank's approval. The candidate selected must have the Bank's nonobjection. Consultants hired to assist the line offices will be supervised by the heads of those offices. All consultants must be hired in accordance with the provisions set out in Annex C to the loan contract.
- 3.8 The program will be executed and administered on the basis of Annual Operating Plans (AOPs) and Operating Regulations that will establish the functions and duties of each area responsible for project components and activities. The Operating Regulations will be approved by the Presiding Officers and will be an integral part of the loan contract. Amendment thereof will require formal agreement by the parties. The drafts of the documents have already been prepared.<sup>20</sup> The Operating Regulations will also establish conditions and procedures for contracting personnel with Bank resources, and for the procurement of goods and services. The AOPs and the procurement plan will be approved by the Technical Committee before they are submitted to the Bank.

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<sup>20</sup> Plan for the Promotion of Citizen Participation; Operating Plans for Establishing the Comprehensive Parliamentary Advisory Services and Information System; Operating Plan for Implementation of Technological Support Systems for Internal Management of Congress; and Operating Regulations for the Program.



**C. Contractual conditions**

- 3.9 The offices participating in the program will be responsible for formulating and executing the AOPs, under the general supervision of the PAU. During the operation, the executing agency will submit annual AOPs (as defined in the following paragraph) for approval by the Bank before funds are committed. The executing agency may agree with the Bank to present additional AOPs if this will facilitate program monitoring and execution.
- 3.10 The AOPs will be organized in three chapters:
- a. **Consolidating the representative function**, under the responsibility of the Citizen Participation Division, with the support of the International Cooperation Division, the Information Technology Branch and the office responsible for media relations.
  - b. **Strengthening legislative and oversight functions**, under the responsibilities of the Chief Administrative Office, with the support of the Parliamentary Management Office, the CIP, and the Library Division.
  - c. **Strengthening institutional management**, under the responsibility of the Administrative Management Office, with the support of the Parliamentary Management Office and the Information Technology Branch.
- 3.11 The AOPs will contain detailed information and schedules on activities for the year, setting targets and indicators in accordance with the program's logical framework. They must also include details on budgetary execution, showing sources of financing and demonstrating consistency with the budget of the Congress. In addition, they will include preliminary versions of the terms of reference for hiring consultants and consulting firms and specifications for bidding procedures. Finally, as of the second year of execution, the AOPs will also contain an evaluation of the previous AOP. The Technical Committee will approve the AOPs for submission to the Bank.
- 3.12 Use of counterpart funds from external sources, such as USAID, will require signature of an agreement giving Congress the ability to spend funds on activities under this operation, identifying explicitly the amounts and the activities to be financed, with the corresponding execution timetable. The activities contained in those agreements must meet the Bank's requirements in order to be considered as local counterpart contributions.
- 3.13 **Opening of a special account.** The Congress will open a special bank account to handle funds provided under the Bank loan.

- 3.14 **Conditions precedent to the first disbursement.** Prior to the first disbursement, Congress will present to the Bank evidence of the following: **(i) creation of the Program Administration Unit (PAU) reporting to the Chief Administrative Officer; contracting of its head and selection of, at least, the financial administration officer and the procurement and contracting officer; (ii) physical premises and equipment available for the PAU, together with the required furnishings, telephone and e-mail facilities; (iii) entry into force of the Operating Regulations agreed with the Bank; (iv) opening of a special bank account to handle Bank resources; and (v) final Annual Operating Plans (AOPs) for the first year, approved by the Bank.**

**D. Procurement of goods and services**

- 3.15 The ceilings above which international competitive bidding will be required for this program are: US\$350,000 for goods and related services and US\$200,000 for consulting services. These ceilings are justified in light of similar projects in the country, where external bids have been submitted only when the amounts involved exceeded these amounts. Procurement below these amounts will be done in accordance with domestic legislation.

**E. Revolving fund**

- 3.16 A revolving fund of up to 5 percent of the total amount of the loan will be established, in accordance with Bank procedures, for making disbursements under the program.

**F. Special disbursement**

- 3.17 Once the General Conditions of the loan contract (Article 4.01 a, b, and c) have been fulfilled, a special disbursement may be made against the loan, of up to the equivalent of US\$300,000, to help the executing agency launch program activities and comply with the special contractual conditions.

**G. External audit**

- 3.18 The executing agency will submit financial statements for the program to the Bank during the execution period, audited by a firm of public auditors acceptable to the Bank, and in accordance with previously agreed terms of reference. Those statements will be submitted within 120 days after the end of the fiscal year. The cost of auditing will be included in the program cost for financing under the Bank loan.

**H. Execution period and disbursement schedule**

- 3.19 Loan funds will be committed over a period of four years, and disbursements will be made over four and a half years from the date the loan contract enters into force.

This term is considered adequate to accommodate the planned technical assistance activities and the tendering and contracting and the performance of works.

- 3.20 Disbursements will be made in accordance with the following table:

(US\$000)

Year	IDB	Counterpart	Total	%
1	2,050	654	2,705	27%
2	2,704	1,050	3,754	38%
3	1,454	1,156	2,610	26%
4	792	140	931	9%
<b>Total</b>	<b>7,000</b>	<b>3,000</b>	<b>10,000</b>	<b>100%</b>
<b>%</b>	70%	30%		

## I. Monitoring, evaluations and progress reports

### 1. Dissemination and evaluation workshops

- 3.21 At the beginning of the program, the Presiding Officers of Congress will invite all members and senior officials of Congress to workshops in order to forge alliances and support networks for meeting the program's goals, and to explain the project execution mechanisms.
- 3.22 A similar workshop will be held at least once a year, in order to disseminate and analyze the successive progress reports and evaluations. This will help to maintain the institutional commitment to the program and to publicize its achievements and shortcomings. These workshops will attempt to improve congressional operating mechanisms, in particular by adopting merit-based criteria for staff selection, contracting and promotion.
- 3.23 Once the newly elected Congress is in place (July 2006) another workshop will be held so that newly arrived members and officials can understand and assimilate the results of the program, assess its achievements and define future lines of action. The final evaluation will be based on the conclusions of that workshop.

### 2. Midterm evaluation

- 3.24 Program resources will be used to pay for a midterm evaluation. One of its principal objectives will be to measure progress in the implementation of new parliamentary processes, and in meeting program goals. Particular attention will be paid to progress in implementing the Comprehensive Parliamentary Advisory Services and Information System. This evaluation is planned to take place no later than 24 months after the beginning of disbursements, or when at least 40 percent of the total loan has been disbursed: the outcome of that evaluation could affect further disbursements.

### **3. Final evaluation**

- 3.25 Once the program has been completed to at least 90 percent of funding, independent consultants will be hired to perform a final evaluation, using funds provided for this purpose. This evaluation will compare the results of program execution against the proposed goals, in terms of changes in parliamentary procedures. Information will also be collected on the quality of legislative output, and measures adopted by Congress to ensure the sustainability of the program's achievements will be reviewed.

### **4. Ex post evaluation**

- 3.26 The project team consulted Congress about the possibility of including funding for an ex post evaluation of the program to determine whether it had met its objectives. The Congress concluded that such an evaluation would have to be conducted after the 2006 elections, once the new Congress is installed, and was therefore unable to make commitments that would exceed the term of its mandate.
- 3.27 Nevertheless, the information compiled during the monitoring workshops, the interim evaluations and the final evaluation, as described above, will include indicators and parameters that will allow the Bank and the borrower to appreciate the program's achievements in detail.

### **5. Progress reports**

- 3.28 During the program, the PAU will submit semi-annual progress reports to the Bank, with appropriate detail on activities performed and procedures followed in utilizing the Bank's financing.
- 3.29 These reports will assess the status of the project activities, as well as the results of activities carried out in coordination with projects of the United States Agency for International Development (USAID) included in the counterpart contribution, if any, and the goals for determining further disbursement under the program.

## **IV. FEASIBILITY AND RISKS**

### **A. Institutional feasibility**

- 4.1 All political factions in the national Congress, represented through its five vice presidents, have declared their commitment and support for the activities of the program as it is now designed. All those involved with the program feel a high degree of ownership over it, thanks to the participatory process through which it was designed.
- 4.2 The Congress is constitutionally independent of other branches of government, and has broad powers to issue its own internal regulations and to organize its work. Effecting the organizational and management changes resulting from the program will require changes only in the internal rules of procedure of Congress, without further legislative amendments.
- 4.3 The program will equip the national Congress with greater administrative capacity and better technical facilities for analyzing and handling legislation. Its institutional image will also be enhanced as it becomes more representative and inspires greater public confidence.

### **B. Financial feasibility**

- 4.4 The 2002 budget of the national Congress was 330.2 million soles.<sup>21</sup> Both the Executive Branch and the Congress have accorded high priority to the program, thus ensuring that it has a solid institutional foundation and that sufficient resources will be available for its execution. The resources that Congress will contribute for maintaining the Comprehensive Parliamentary Advisory Services and Information System under the second component and for keeping it running after the program is concluded will represent about 2 percent of its budget. Most of these resources, however, represent existing recurrent expenditures of the institution (salaries for library staff and committee advisers) and the new personnel contracts, financed under the loan, will have only a gradual impact over the life of the program: both the government and the Congress are committed to financing those contracts.
- 4.5 The enhanced efficiency and effectiveness of the various administrative services is expected to reduce costs by about 15 percent (see the Logical Framework), which will also strengthen the program's financial sustainability after funding stops.

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<sup>21</sup> Approximately US\$100 million, which will remain constant in 2003, according to the proposal sent to the MEF. This amount includes some US\$600,000 as counterpart contribution for this program, to which must be added other expenditures included in the budget (equipment, training, advisers' fees, etc.) that will also be considered as counterpart funding. The total represents about 0.5 percent of the overall budget, and no problems are foreseen in securing its approval.

- 4.6 All activities that will imply ongoing expenditures after completion of the program (training courses and the Parliamentary Advisory Services and Information System, for example) will be financed in a diminishing proportion with funds from the Bank, so as to facilitate their gradual inclusion in the congressional budget.

**C. Environmental and social impacts**

- 4.7 Given the nature of the activities to be financed, no direct environmental or social impacts are anticipated. Nevertheless, to the extent that efforts to reduce poverty and achieve sustainable development imply a substantial increase in institutional capacity and a favorable political climate, the program will contribute in both directions, and may therefore be considered to have collateral impacts in those areas. Establishing forums for public participation, information and dissemination and improving the capacity to prepare legislation and exert the oversight function will also contribute in this sense.

**D. Benefits**

- 4.8 Because it focuses on legislative functions, political representation, and congressional oversight and control, and on improvement of the body's management and technical analysis capacity, the program will help to consolidate democracy by strengthening one of its basic institutions. The program will facilitate understanding of existing legislation, improve technical support for the formulation of draft legislation, and contribute to debate on and approval and monitoring of the general budget, through creation of the Comprehensive Parliamentary Advisory Services and Information System. The program will strengthen the technical capacity of Congress to perform its oversight and oversight functions.
- 4.9 The program will help to professionalize legislative committees by creating technical secretariats that will serve as institutional memory and provide the required level of technical information, beyond purely political debate. Introduction of modern administration and management systems will enhance efficiency and transparency in the use of the Congressional resources.
- 4.10 The program contains an innovative feature that will increase levels of citizen representation and restore public confidence in the legislature, by opening channels for participation by civil society, providing systems for channeling information, and fostering civic education.
- 4.11 Over the medium and long term, with democracy and its institutions functioning more smoothly, and by achieving juridical predictability and security, economic and commercial activity, in particular domestic and external investment, will be encouraged.

## **E. Risks**

- 4.12 The program faces two major risks. The first is that legislators will fail to appropriate and make use of the new legislative and support procedures (comprehensive advisory services system, among others). To avoid this risk, the program was designed in direct consultation with the representatives to reflect their expressed needs and the dynamics of the parliamentary processes. The second risk is that the program might become politicized, and that a portion of its funding might be diverted for partisan purposes. This risk will be minimized through implementation of the agreed Operating Regulations, which set out clearly and in detail the conditions and procedures to be used in the various stages of operations, contracting and procurement.
- 4.13 A further risk relates to the annual rotation of the Presiding Officers, which could produce changes in project priorities and activities. This risk will be minimized by establishing the Technical Committee, which will remain in place throughout program execution. This committee, which has representatives of all political factions in the Congress, will make it possible to maintain the consensuses and political commitments undertaken during the design of the operation.
- 4.14 Lastly, lack of familiarity with Bank procedures could lead to delays. For this reason, the Operating Regulations have been designed to facilitate execution by requiring, among other conditions, the contracting of a head of the Program Administration Unit (PAU), with a profile agreed upon with the Bank. As well, it is expected that the project will require hands-on support by the Bank, and for this reason annual evaluations will be conducted, focused on a review of indicative goals.

# INSTITUTIONAL STRENGTHENING PROGRAM FOR THE PERUVIAN CONGRESS – PE-0220

Narrative Summary	Success Indicators	Means of Verification	Major Assumptions
<b>Goal</b>			<b>Sustainability</b>
To achieve a better balance between the legislature and the other branches of government, and thereby strengthen the consolidation of democracy in Peru.	Greater recognition of independent observers of congressional activities in the three main fields of action (2006)	Consultations with civil organizations such as the Comisión Andina de Juristas (CAJ).	The current democracy-friendly political climate is maintained, in a framework for protecting fundamental rights and freedoms.  Congressional authorities continue to give priority to sustainably greater efficiency and transparency once the operation is completed.
<b>Purpose</b>			<b>Purpose to goal</b>
An institutionally stronger Congress with reformed and improved representative, legislative, oversight and internal management functions perfected.	<p>The public has more options and mechanisms for participating in congressional debate, with an increase of at least 50 percent in publicly available information; and an annual increase of at least 30 percent in the number of electronic consultations at the end of program execution.</p> <p>The Comprehensive Parliamentary Advisory and Information Services System receives and handles requests from all parliamentary groups and supports at least 50 percent of the annual legislative agenda by the end of execution period.</p> <p>The average unit cost for a sample of internal administrative services declines by at least 15 percent, by the end of the program.</p>	<p>Interim and final program reports</p> <p>Interim and final program reports.</p> <p>Cost calculations for three services representative of each of the main areas (financial, procurement, and computerization) at beginning and end of program.</p>	<p>Congressional authorities participate actively in the reform process and maintain their support for a sustainable increase in the institution's efficiency and transparency.</p> <p>Annual presiding officer changes do not affect the general objectives and execution of the program.</p>



Narrative Summary	Success Indicators	Means of Verification	Major Assumptions
Component			Components to purpose
<p>1. Representative functions consolidated by strengthening ongoing relations between Congress and civil society organizations and the general public, and improving the institution's transparency and accountability.</p> <p>(i) forums for citizen scrutiny and participation in parliamentary activities strengthened.</p> <p>(ii) better communication between Congress and society.</p> <p>(iii) the intermediation role of deputies strengthened.</p>	<p>Citizen Participation Plan implemented, participation network created, new working procedures in place for public consultation and service, and operating tools of the Virtual Parliament evaluated and redesigned (2005).</p> <p>Coordination procedures and mechanisms for the 25 decentralized citizen participation offices designed; officials trained; equipment in place; and pilot program of fellowships implemented and evaluated (2005).</p> <p>Database with map of institutions and stakeholders implemented; and strategy for involving stakeholders in execution (2004).</p> <p>Social communication plan designed and implemented as of the second year; and civic education activities implemented, evaluated and put on a permanent basis by the end of the third year.</p> <p>Congressional Web Page reformulated and implemented (2004).</p> <p>Twelve legislative forums, 12 public hearings, and 12 public consultations held; training system in place for deputies and advisers (2004).</p>	<p>Annual program report.</p> <p>Annual program report and contracts with universities for the fellowship plan in effect.</p> <p>Annual program report.</p> <p>Annual program report, number of participants in the virtual and conventional courses.</p> <p>Annual program report.</p> <p>Report on forums and hearings.</p>	<p>Civil society organizations and the general public participate actively in the legislative agenda of Congress through channels of communication introduced or strengthened during the reform process.</p>

Narrative Summary	Success Indicators	Means of Verification	Major Assumptions
Component			Components to purpose
<p>2. Quality of legislative and oversight functions improved, by strengthening the parliamentary technical advisory system for preparation, analysis and approval of legislation; and improvement to the oversight and control capacity of deputies.</p> <p>(i) new policies, rules and procedures adopted that include rationalizing functions and redesigning procedures for handling draft legislation, and reorganization of the Regular Committees.</p> <p>(ii) Comprehensive parliamentary Technical Advisory Services System established and functioning, with a flexible structure that includes the Parliamentary Library and the Parliamentary Research Center (CIP), at a minimum.</p> <p>(iii) database and connectivity adequate for preparing and analyzing draft legislation improved.</p> <p>(iv) specialized workshops held, including analysis and adoption of best practices from other congresses and organizations with respect to political control and oversight.</p>	<p>The new policies, rules and procedures and 100% of Technical Secretariats for the regular committees created by the end of the program, and procedures for processing draft legislation revised.</p> <p>CIP consolidated and operating (first year of the program).</p> <p>Database and connectivity implemented (2004).</p> <p>At least four workshops held during the program, the first before the end of 2003; and working methods for the investigative committees implemented.</p>	<p>Publication of the new Congressional Rules of Procedure in “El Peruano”.</p> <p>Annual program report and Annual Report on Congressional Activities (Memoria).</p> <p>Interim and final program evaluation reports. Minutes of the Presiding Officers’ meetings.</p> <p>Annual program report.</p> <p>Annual program report.</p>	<p>Members of Congress make active use of the new technical advisory system for preparing, analyzing and approving draft legislation.</p>

Narrative Summary	Success Indicators	Means of Verification	Major Assumptions
Component			Components to purpose
<p>3. More efficient and effective internal administrative management, so as to ensure excellent service to deputies in terms of timeliness, quality and costs:</p> <p>(i) Chief Administrative Office of Congress strengthened, including analysis of its human resource needs and annual framework of positions, jobs and professional profiles; preparation and implementation of a training plan for employees of the Administrative Management Office.</p> <p>(ii) administrative management procedures revised, simplified and automated.</p> <p>(iii) legislative procedures redesigned and automated, including functional design and implementation of the new Integrated Legislative Management System (SIGEL)</p> <p>(iv) technological solutions for parliamentary support acquired and installed; plenary video system modernized; computer infrastructure upgraded; better voice and data communications systems; better data security; digital signatures and certification introduced; and electronic voting systems.</p>	<p>New table of positions and jobs designed (2004). Congressional officers have received an average of 40 hours of training per year, during program execution.</p> <p>Integrated Administrative Management System (SIGA), including functions of goods and services logistics, financial control, accounting, cash management, planning and budget, and human resources and payrolls, implemented by 2004.</p> <p>SIGEL system designed and operating as of the second year.</p> <p>The automated system linking Congress to the Executive Branch (PCM &amp; MEF), has been installed by the end of 2004.</p> <p>Technological solutions for parliamentary support acquired and implemented (2005).</p>	<p>Annual report on activities of Congress and the program.</p> <p>Interim evaluation report.</p> <p>Annual program reports and interim and final evaluations.</p> <p>Annual program reports and interim and final evaluations.</p> <p>Annual program reports and interim and final evaluations.</p>	<p>Congressional authorities continue to support internal management reform plans throughout the project</p> <p>Deputies and officials participate actively in training opportunities.</p>

## PROCUREMENT TABLE

Item	Total			Year 1		Year 2	Year 3	Year 4 1st half	Contracting mode
	IDB	Country	Total	1st half	2nd half				
Component: Strengthening the representation function									
Consulting services	402,800	52,200	455,000						
a. Individual consultants	165,000		165,000		x	x	x		Invitation
b. Firms	237,800	52,200	290,000						
Plan to promote citizen participation	90,200	19,800	110,000		x	x			Invitation
Hearings and forums	49,200	10,800	60,000		x	x	x		Invitation
Design/application of baseline for impact evaluation	98,400	21,600	120,000	x			x		Invitation
Computer equipment and systems	257,480	56,520	314,000						
a. Computer equipment	248,624	54,576	303,200		x		x		LCB
b. Other communication equipment	8,856	1,944	10,800		x		x		Invitation
Training (3 packages)	289,132	63,468	352,600	x	x	x	x		Invitation
Component: Strengthening legislative and oversight functions									
Consulting services	931,983	1,833,236	2,765,219						
a. Individual consultants	915,317	1,833,236	2,748,553						
Consultants Int. Reg. & relations with Executive	50,333		50,333		x		x		Invitation
SIP staff	864,983	1,833,236	2,698,219		x	x	x	x	OCP
International consultants	16,667		16,667		x		x		Invitation
b. Firms									
Design of training plan	16,400	3,600	20,000		x				Invitation
Computer equipment and systems	76,560	12,240	88,800						
a. Computer equipment	49,200	10,800	60,000		x		x		Invitation
b. Software	20,800		20,800		x		x		Invitation
c. Other equipment	6,560	1,440	8,000		x		x		Invitation
Training	105,600	14,400	120,000				x	x	OCP
Other items (library and similar materials)	652,800	109,351	762,151		x	x	x	x	ICB

<b>Strengthening parliamentary services</b>									
Consulting services	1,697,400	372,600	2,070,000						
a. Individual consultants	214,020	46,980	261,000						
Component management (4 persons)	177,120	38,880	216,000	x	x	x	x	x	Invitation
Strategic planning	36,900	8,100	45,000	x					Invitation
b. Firms	1,483,380	325,620	1,809,000						
Analysis of positions and jobs	65,600	14,400	80,000	x					Invitation
Re-engineering the SIGA & SIGEL processes	148,420	32,580	181,000	x	x				OCP
Integral training plan	57,400	12,600	70,000	x					OCP
SIGA	360,800	79,200	440,000			x			ICB
Building access control	32,800	7,200	40,000						OCP
SIGEL	619,100	135,900	755,000		x				ICB
Optimization of portal	102,500	22,500	125,000			x			OCP
Digital certifications	96,760	21,240	118,000		x				LCB
Computer equipment and systems	943,000	207,000	1,150,000						
a. Computer equipment	303,400	66,600	370,000		x		x		ICB
b. Software	131,200	28,800	160,000		x		x		Invitation
c. Other equipment	508,400	111,600	620,000		x		x		ICB
Training	229,600	50,400	280,000			x	x	x	OCP
<b>Subtotal</b>	<b>5,586,356</b>	<b>2,771,415</b>	<b>8,357,770</b>						

ICB – International competitive bidding  
LCB – Local competitive bidding  
OCP – Open call for proposals